



Utility Resource Services

Ms. Jean Gray
Assistant Regional Manager
for Power Marketing
Western Area Power Administration
Desert Southwest Region
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March 17, 2004

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Re: K. R. Saline and Associates Request to Implement Post-2008 P-DP
Allocations Beginning is FY 2005.

Dear Ms. Gray;

This letter is written on behalf of the Town of Fredonia with regard to the above referenced matter. Based upon a review of the analyses performed by Western there is a good probability of getting the capacity, but not the energy associated with this additional capacity. As you are aware, on an annual basis Fredonia is energy short more than it is capacity short. Additionally, Fredonia's peak is in the winter and not the summer which is different from the other entities making this request and is just the opposite of the way in which the P-DP resource is scheduled.

Fredonia is also a member of the RMS Pool which allows it to purchase additional P-DP power to meet load requirements. Accordingly, the option of having Western purchase additional power in the market on behalf of these entities (including Fredonia) would not be an acceptable option to Fredonia..

The other problem with this proposal is the adjustments that would have to be made to Exhibit C of the AOF, although minor, as well as the possibility of triggering payments to other AOF members for capital improvements.

If Western can make the request economically work for all of the entities involved we would support it. However, that does not appear likely according to Western's analyses and we have no problem staying with the status quo until the post-2008 allocations begin.

Sincerely,

Richard L. Darnall
Utility Resource Services, Inc.

cc: Greg Honey